

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

John Knox,
Appellant,

v.

Warren County Board of Review,
Appellee.

ORDER

Docket No. 14-91-0060
Parcel No. 03-000-11-0645

On December 22, 2014, the above-captioned appeal came on for written consideration before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. John Knox was self-represented and requested the appeal proceed without a hearing. Warren County Attorney John Criswell is counsel for the Board of Review. The Appeal Board having reviewed the record and being fully advised finds:

Findings of Fact

John Knox is the owner of a residentially classified property located at 14658 S-31 Highway, Milo, Iowa. It is a two-story home built in 1900 with 2008 square feet of living area, two wood decks, and an enclosed porch. It has a detached garage built in 2002. The site is 2.14 acres.

Knox protested the 2014 assessment of \$134,200, allocated as \$41,000 in land value and \$93,200 in improvement value, to the Board of Review. The 2014 assessment changed from the previous year making all grounds available for protest under section 441.37(1)(a)(1) (2014). Knox claimed the property was assessed for more than the value authorized by law; and that there was an error in the assessment under sections under section 441.37(1)(a)(1)(b) and (d). His error claim essentially reasserts his opinion that the property's assessment is more than market value because of the poor condition of the improvements. The Board of Review denied his claim.

Knox then appealed to this Board asserting the correct fair market value is \$104,200, allocated as \$42,000 in land value and \$62,200 in improvement value.

In a letter to the Board of Review, Knox cited several deficiencies with his property including a 100+ year old limestone foundation with large cracks and susceptible to leaking; a lack of central heating and cooling; and a septic system that may not be up to current code. Knox reiterated these deficiencies in a letter to this Board and noted his property is located “a long way from either Des Moines or Indianola,” which he believes would further affect the value.

We note, a section on the property record card indicates the property was in disrepair in 2011 although at that time it did have a newer roof and some windows. Based on the disrepair, a 60% functional obsolescence adjustment was applied to the assessment to reflect the property’s condition until repairs were complete. In 2012, notes indicate the property was improved with newer electric baseboard heat and an updated kitchen. In 2013, notes indicate the Assessor’s Office attempted to reach the property owner but was unsuccessful, and the functional obsolescence factor was reduced to 40%. Finally, the notes for 2014, indicate that, based on a conversation with the homeowner, the remodel was complete and the remaining functional obsolescence was removed. The 2014 assessment lists the improvements in normal condition with no obsolescence.

Knox also submitted printouts of three properties he considered comparable to his but have lower assessments. The information, however, is insufficient to determine if the properties are comparable in condition, and only one has sold recently. Moreover, we note that assessments of other properties are not relevant evidence to establish the market value of the subject property; establishing market value is typically done by using a comparable, adjusted sales analysis or appraisal.

The Board of Review submitted an appraisal completed by Shauna Gehring of Professional Real Estate Appraisal Inc., Waukeg. (Exhibit A). Gehring completed the sales comparison approach to value and used eight recent sales in her analysis. All of the properties were rural acreages and

similarly distanced from the Des Moines metro area as the subject property. Gehring conducted an exterior-only inspection of the property. She explained that she contacted Knox but was declined entry into the home. Her appraisal states the exterior was “in average condition with a newer roof and well taken care of vinyl siding.” Her appraisal is based on the assumption that “the interior is updated and in at least average condition.” (Exhibit A p. 4). After adjustments for factors such as size, bathroom count, living area, and heating and cooling, Gehring’s sales indicated a value range between \$132,000 and \$139,500. Gehring adjusted each comparable between \$5000 and \$8000 to reflect the subject property having electric baseboard heat, which may have some market resistance. She based this opinion on conversations with heating and cooling experts. (Exhibit A p. 7). Based on the adjusted range of value, she concluded a final opinion of value of \$135,000, as of January 1, 2014, for the subject property.

City Assessor Brian Arnold also submitted an email exchange with Knox requesting an interior inspection. (Exhibit B). Knox declined to allow Arnold or another representative from the Assessor’s Office to complete an inspection.

Lastly, Arnold submitted six property record cards of properties the Board of Review considered comparable to the subject. These properties sold between 2012 and 2013 and had sale prices ranging from \$106,500 to \$268,000. The properties were unadjusted for differences and we give the evidence no consideration.

Conclusion of Law

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or

additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).


In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. § 441.21(1)(b). If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). Knox did not submit any evidence of the fair market value of the subject property such as an appraisal, income or cost analysis. The Board of Review's appraisal by Gehring concludes a market value opinion of \$135,000, as of the assessment date. Based on the record as a whole, we find the appraisal is the best evidence in the record of the property's fair market value.

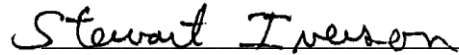
The plain language of section 441.37(1)(a)(4), allows a protest on the ground "[t]hat there is an error in the assessment." § 441.37(1)(a)(4). Knox alleged errors in the listing of his property regarding the condition rating. We urge Knox to consider allowing an interior inspection by the Assessor's Office to ensure that no listing errors exist in the condition of his property as he alleges.

THE APPEAL BOARD ORDERS the 2014 assessment of John Knox's property located at 14658 S-31 Highway, Milo, Iowa, set by the Warren County Board of Review, is affirmed.

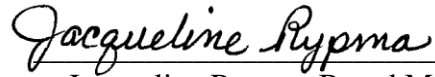
Dated this 16th day of January, 2015.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

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